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Industrial Development Board

Fourteenth session

SUMMARY RECORD OF THE 8th MEETING

Held at the Vienna International Centre, Vienna,
on Friday, 30 June 1995, at 3 p.m.

President: Mrs. OK (Turkey)

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The meeting was called to order at 3.20 p.m.

INTRODUCTION OF DRAFT DECISIONS (IDB.14/L.2-L.24 and L.26)

1. **The PRESIDENT** said that agenda items 4-15 and 17 were still open for the adoption of decisions. A number of draft decisions, most of which had been discussed in the informal consultations held with the aim of facilitating the drafting of decisions, were now before the Board for consideration (IDB.14/L.2-L.24 and L.26).

2. **Mr. AL-GHAIS** (Kuwait), speaking as chairman of the informal consultations, said that consensus had been reached on the texts before the Board. Owing to the nature of the difficulties posed under agenda item 7 (c) on the programme and budgets for 1996-1997 and item 7 (g) on the financial situation, those matters had been taken up at the level of the Enlarged Bureau. In the draft decision on item 13 (a) entitled "UNIDO Staff Pension Committee" (IDB.14/L.22), some names were still missing.

3. **The PRESIDENT** said that she was submitting the draft decisions approved in the informal consultations to the Board as her drafts.

UNIDO POLICY FRAMEWORK — ORGANIZATIONAL AND STAFF STRUCTURE (*continued*) (IDB.14/13, IDB.14/8, chap. IV; IDB.14/CRP.4; IDB.14/L.3)

4. **The PRESIDENT** drew the Board's attention to draft decision IDB.14/L.3.

5. **Mr. DE YTURRIAGA BARBERAN** (Spain) proposed that the word "Reaffirms" in paragraph (a) should be replaced by the word "Recalls".

6. *It was so decided*

7. *The draft decision, as amended, was adopted.*

ANNUAL REPORT OF THE DIRECTOR-GENERAL FOR 1994 ON THE ACTIVITIES OF THE ORGANIZATION, INCLUDING PROGRESS REPORT ON SPECIFIC ACTIVITIES (*continued*) (IDB.14/10, IDB.14/10/Add.1 and Corr.1, IDB.14/10/Add.2 and Corr.1, IDB.14/10/Add.3; IDB.14/CRP.5; IDB.14/L.4 and L.5)

8. **The PRESIDENT** drew attention to draft decision IDB.14/L.4, related to the Annual Report itself.

9. *The draft decision was adopted.*

10. **The PRESIDENT** drew attention to draft decision IDB.14/L.5 on the integration of women in industrial development.

11. *The draft decision was adopted.*

UNIDO TECHNICAL COOPERATION ACTIVITIES IN 1994 (*continued*) (IDB.14/14; IDB.14/CRP.1; IDB.14/L.6)

12. **The PRESIDENT** drew attention to draft decision IDB.14/L.6.

13. *The draft decision was adopted.*

REPORT OF THE PROGRAMME AND BUDGET COMMITTEE

(a) SCALE OF ASSESSMENTS
(b) INTERIM FINANCIAL PERFORMANCE REPORT AND PROGRAMME PERFORMANCE REPORT
(c) PROGRAMME AND BUDGETS, 1996-1997
(d) WORKING CAPITAL FUND
(e) APPOINTMENT OF EXTERNAL AUDITOR
(f) ELECTRONIC DATA-PROCESSING PROGRAMME
(g) FINANCIAL SITUATION OF UNIDO
(h) INDUSTRIAL DEVELOPMENT FUND
(i) UNIDO COUNTRY DIRECTOR PROGRAMME

(*continued*) (IDB.14/2 and Corr.1, IDB.14/3, IDB.14/4 and Add.1, IDB.14/5, IDB.14/6 and Add.1, IDB.14/9, IDB.14/10/Add.1 and Corr.1, IDB.14/10/Add.2 and Corr.1, IDB.14/10/Add.3, IDB.14/13, IDB.14/20, IDB.14/25, IDB.14/26, IDB.14/28; IDB.14/L.7-12, IDB.14/L.23 and L.24, IDB.14/L.26)

14. **The PRESIDENT** drew attention to draft decision IDB.14/L.7 on sub-item (a), "Scale of assessments".

15. *The draft decision was adopted.*

16. **The PRESIDENT** said that no draft decision had been submitted on sub-item (b). She suggested that the Board should take note of the documentation provided by the Director-General on the subject.

17. *It was so decided.*

18. **The PRESIDENT** drew attention to draft decision IDB.14/L.26 on sub-item (c), "Programme and budgets, 1996-1997", which was also related to sub-item (g), "Financial situation of UNIDO".

19. *The draft decision was adopted.*

20. **Mr. EL HUSSEIN** (Sudan), speaking as Chairman of the Group of 77, said that the Group wished to place on record its position on the decision just adopted. The Group considered that there was no justification or legal basis for postponing the adoption of the programme and budget for 1996-1997 as recommended by the Programme and Budget Committee in its conclusion 95/8. The membership of the Organization had not changed. It was unlikely that any new development would take place before 12 October 1995 when the Board resumed its session. The Group considered that the budget proposals should have been adopted by the Board and submitted to the General Conference as a normal procedure, but in a spirit of consensus had gone along with the decision just taken. The Group regretted the uncertainty and the impression of indecisiveness created by the decision, and extended its full support and cooperation to the Director-General in making plans for 1996-1997. The Group further recalled the statement that it had made on the collection of assessed contributions (see document IDB.14/SR.5, paras. 44-46); that statement should be read along with the present statement.

21. On the issue of unutilized balances, the Group considered that the Board should have taken a decision to recommend to the General Conference the suspension of financial rules 4.2 (b) and 4.2 (c) to permit the use of the unutilized balances from 1992-1993, totalling $14.7 million. That was clearly justified, as the Organization was facing a very serious cash crisis caused by the announcement of non-payment of assessed contributions by the largest contributor. If Member States met their obligations and paid their contributions on time, there would be no need to suspend the financial rules. In the present circumstances, however, the Board had to take that measure to deal with an extraordinary and exceptional situation. Responsible financial management made it imperative that it should do so without delay. Moreover, the External Auditor had recommended such a measure. The Group reiterated its position and stressed that it would insist that a decision to suspend financial rules 4.2 (b) and 4.2 (c) be taken at the resumed session.

22. The Group wished to express its strong support for UNIDO and the Director-General in dealing with the difficult situation facing UNIDO. It would cooperate and work closely in the effort to achieve a strong and revitalized UNIDO.

23. **Mr. SVENDSEN** (United States of America) said that his delegation had not wished to block the consensus, but reserved its position on the decision, in line with its statement to the Board at the first meeting, on 26 June 1995.

24. **Mr. EL HUSSEIN** (Sudan), speaking on behalf of his own delegation, said that all Member States should meet their obligations to pay their assessed contributions. He announced that the Sudan had just paid its contribution in full, including arrears.

25. **Mr. TANAKA** (Japan) said Japan considered that all Member States should pay their assessed contributions in full and on time. In the decision just adopted, the Board also urged Members to meet their obligations. Japan had paid part of its assessed contribution for 1995 in February and the balance had just been paid.

26. He urged the Director-General to proceed more vigorously with the reform process.

27. In reply to a point raised by **Mr. DE YTURRIAGA BARBERAN** (Spain), **Mr. DE MARIA Y CAMPOS** (Director-General) said that it might prove possible to find a more convenient date for the resumption of the session provided for in paragraph (b) of the decision just adopted.

28. **The PRESIDENT** said that the possibility of an alternative date would be left open. She then drew attention to draft decision IDB.14/L.8 on sub-item (d), "Working Capital Fund".

29. *The draft decision was adopted.*

30. **The PRESIDENT** drew attention to draft decision IDB.14/L.9 on the appointment of the External Auditor.

31. *The draft decision was adopted.*

32. **The PRESIDENT** drew attention to draft decision IDB.14/L.10 on the electronic data-processing programme.

33. *The draft decision was adopted.*

34. **The PRESIDENT** drew attention to draft decision IDB.14/L.12 on sub-item (g). The draft decision was entitled "Financial situation of UNIDO: report on the 6 per cent figure for technical cooperation activities".

35. *The draft decision was adopted.*

36. **The PRESIDENT** drew attention to draft decision IDB.14/L.24 entitled "Financial situation of UNIDO: operational budget reserve and treatment of new Member State income".

37. *The draft decision was adopted.*

38. **Mr. SVENDSEN** (United States of America) said that his delegation reserved its position on the decision in line with its statement to the Board on 26 June.

39. **The PRESIDENT** drew attention to draft decision IDB.14/L.11 on the Industrial Development Fund.

40. *The draft decision was adopted.*

41. **The PRESIDENT** drew attention to draft decision IDB.14/L.23 on the UNIDO Country Director programme.

42. *The draft decision was adopted.*

43. **Mr. SVENDSEN** (United States of America) said that his delegation reserved its position on the decision.

MEDIUM-TERM PLAN, 1996-2001 (*continued*) (IDB.13/9; IDB.14/L.2)

44. **The PRESIDENT** drew attention to draft decision IDB.14/L.2.

45. *The draft decision was adopted.*

THE REGIONAL DIMENSION

(a) SECOND INDUSTRIAL DEVELOPMENT DECADE FOR AFRICA

(b) SPECIAL PROGRAMME FOR INDUSTRIAL DEVELOPMENT IN THE ARAB COUNTRIES, INCLUDING TECHNICAL ASSISTANCE TO THE PALESTINIAN PEOPLE

(c) SPECIAL PROGRAMME FOR THE INDUSTRIAL DEVELOPMENT OF ASIA AND THE PACIFIC

(d) REGIONAL COOPERATION PROGRAMME FOR THE INDUSTRIAL RECOVERY OF LATIN AMERICA AND THE CARIBBEAN

(continued) (IDB.14/10, IDB.14/15, IDB.14/18, IDB.14/19, IDB.14/21; IDB.14/L.19)

46. **The PRESIDENT** drew attention to draft decision IDB.14/L.13 on the Second Industrial Development Decade for Africa (sub-item (a)).

47. *The draft decision was adopted.*

48. **The PRESIDENT** drew attention to draft decision IDB.14/L.19 on the Special Programme for Industrial Development in the Arab Countries, including technical assistance to the Palestinian People (sub-item (b)).

49. *The draft decision was adopted.*

50. **Mr. JAMAL** (Qatar), speaking on behalf of the Arab countries, said that they supported the programmes and objectives of UNIDO and considered that the Organization had a very important role to play in industrial and social development in their region. He stressed the importance of paragraph (b) of the decision, with its reference to document IDB.14/15, and of the request in paragraph (d) (i).

51. **Mr. DE MARIA Y CAMPOS** (Director-General) said that he had taken note of the concerns expressed and that the Organization would take all remedial measures necessary. Regular briefing sessions with the permanent missions on the programmes for the Arab region were planned, and the first of them would be organized as soon as possible. He had recently travelled extensively in the Arab region and had received the clear impression that UNIDO's programme was well received and that the Organization's efforts were much appreciated. Many delegations had expressed their satisfaction with UNIDO's ongoing efforts in Palestine and he had received a letter of thanks from Chairman Arafat.

52. The report in document IDB.14/15 had been prepared in response to a General Conference resolution, but there were many initiatives outside the scope of the Special Programme, particularly with reference to investment promotion and environment programmes. A draft regional strategy had also been prepared. He felt that UNIDO had a reasonably good track record, above all at a time when the Organization was being restructured. In the present situation, it would be difficult to strengthen the staffing of any particular unit in the Organization, but he would do his best to achieve the objectives set. However, he would welcome any voluntary contributions to strengthen the unit.

53. **The PRESIDENT** said that no draft decision had been submitted under sub-item (c), "Special Programme for the Industrial Development of Asia and the Pacific" or sub-item (d), "Regional Cooperation Programme for the Industrial Recovery of Latin America and the Caribbean". She suggested that the Board should take

note of the documentation provided by the Director-General under those two sub-items.

54. *It was so decided.*

INDUSTRIAL COOPERATION AND CONSULTATIONS (INCLUDING ECONOMIC AND TECHNICAL COOPERATION AMONG DEVELOPING COUNTRIES AND IMPLEMENTATION OF GENERAL ASSEMBLY RESOLUTION 47/153) *(continued)* (IDB.14/17, IDB.14/24; IDB.14/L.14)

55. **The PRESIDENT** drew attention to draft decision IDB.14/L.14 on economic and technical cooperation among developing countries.

56. *The draft decision was adopted.*

OPERATIONAL ACTIVITIES FOR DEVELOPMENT *(continued)* (IDB.14/22)

57. **The PRESIDENT** said that no draft decision had been submitted on the subject and suggested that the Board should take note of the information provided by the Director-General on the subject.

58. *It was so decided.*

INDUSTRIAL INVESTMENT PROMOTION *(continued)* (IDB.14/16; IDB.14/L.20 and L.21)

59. **The PRESIDENT** drew attention to draft decision IDB.14/L.20 entitled "Industrial investment promotion".

60. *The draft decision was adopted.*

61. **The PRESIDENT** drew attention to draft decision IDB.14/L.21, relating to the guidelines for the functioning of the Investment Promotion Service Offices.

62. *The draft decision was adopted.*

63. **Mr. GRISHAEV** (Russian Federation) referred to his intervention at the previous meeting, in which he had confirmed his Government's interest in conserving the present status of the UNIDO centre in his country. The Russian Federation supported the Centre as it was currently functioning, with investment as only one of its aspects. As he had said, local staff salaries should take account of the labour market in the host country, including the private sector, on the basis of consultations with the Government. He noted that paragraph (b) of IDB.14/L.20, which had just been approved, mentioned the need for negotiations on salaries.

64. **The PRESIDENT** referred to the contribution to industrial investment promotion made by Mr. Krishnaswamy Venkataraman, Managing Director of UNIDO's Investment and Technology Promotion Division, who was retiring from service that day. She was sure that she could speak on behalf of all members of the Board in expressing gratitude to Mr. Venkataraman for his contribution to the Organization, in particular in the field of development and transfer of technology, and wishing him well in the future.

65. **Mr. SOM** (Observer for Malaysia), speaking on behalf of the Asian Group, **Mr. AZIRIA** (Algeria), speaking on behalf of the African Group, **Mr. GRISHAEV** (Russian Federation), **Mr. JAMAL** (Qatar), speaking on behalf of the Arab countries, **Mr. PEYRAT** (Observer for Paraguay), speaking on behalf of the Latin American and Caribbean Group, and **Mr. GUNNING** (Observer for Ireland), speaking on behalf of the Western Europe and Others Group, joined the President in her expression of gratitude and good wishes.

PERSONNEL MATTERS

(a) UNITED NATIONS JOINT STAFF PENSION FUND

(b) WOMEN IN THE SECRETARIAT

(continued) (IDB.14/8, IDB.14/10 and Add.1 and Corr.1; IDB.14/L.17 and L.22)

66. **The PRESIDENT** drew attention to draft decision IDB.14/L.17 entitled "Personnel matters, including women in the Secretariat".

67. *The draft decision was adopted.*

68. **The PRESIDENT** drew attention to draft decision IDB.14/L.22, which came under sub-item (a), "United Nations Joint Staff Pension Fund". The name of Mr. Fatunla (Nigeria) should be added in paragraph (e) as a candidate to serve as a member of the UNIDO Staff Pension Committee for the biennium 1996-1997. Further nominations were needed from the Group of 77 to fill the blanks in paragraphs (d) and (e). She suggested that, if the nominations were not yet available, the Bureau should be authorized to insert the names after the session before finalizing the report.

69. **Mr. EL HUSSEIN** (Sudan), speaking on behalf of the Group of 77, said that the relevant names for inclusion would be provided as requested.

70. *On that understanding, the draft decision was adopted.*

HEADQUARTERS AGREEMENT BETWEEN UNIDO AND THE REPUBLIC OF AUSTRIA *(continued)* (IDB.14/11; IDB.14/L.15)

71. **The PRESIDENT** drew attention to draft decision IDB.14/L.15.

72. *The draft decision was adopted.*

ADMINISTRATIVE MATTERS: JOINT INSPECTION UNIT *(continued)* (IDB.14/12)

73. **The PRESIDENT** said that no draft decision had been submitted on the item and suggested that the Board should take note of the information provided by the Secretariat on the subject in document IDB.14/12.

74. *It was so decided.*

PREPARATIONS FOR THE SIXTH SESSION OF THE GENERAL CONFERENCE *(continued)* (IDB.14/27; IDB.14/L.16)

75. **The PRESIDENT** drew attention to draft decision IDB.14/L.16 on the draft provisional agenda for the sixth session of the General Conference.

76. *The draft decision was adopted.*

77. **Mr. YTURRIAGA BARBERAN** (Spain), welcoming the decision just adopted, said that he hoped that preparations for the next session of the General Conference would begin as soon as possible, particularly to allow time for documentation to be translated into the official languages.

78. **The PRESIDENT** confirmed that the informal consultations for those preparations would begin immediately after the current Board session.

PROVISIONAL AGENDA AND DATE OF THE FIFTEENTH SESSION (IDB.14/L.18)

79. *Draft decision IDB.14/L.18 was adopted.*

ADOPTION OF THE REPORT OF THE FOURTEENTH SESSION (IDB.14/L.1)

80. **Mr. FATUNLA** (Nigeria), Rapporteur, introducing the draft report of the Board on its fourteenth session (IDB.14/L.1), said that, owing to time constraints, the report contained many blank spaces. The final report would, however, reflect the events of the session, including the decisions adopted.

81. **The PRESIDENT** said that, if she heard no objections, she would take it that the Board wished to adopt the draft report as a whole on the understanding that the Rapporteur would finalize it, in consultation with his "Friends", as soon as possible after the close of the session.

82. *It was so decided.*

SUSPENSION OF THE FOURTEENTH SESSION

83. **Mr. DE MARIA Y CAMPOS** (Director-General) said that the session had heard expressions of unconditional support for UNIDO and a great deal of advice, suggestions, constructive criticisms and appeals. That was an indication of how much the Organization's members desired to improve its performance and of how much they demanded of it, demands that reflected a strong awareness of UNIDO's important role. There was no lack of will, competence, expertise or sacrifice on the Organization's part, but UNIDO could only deliver what it received. Its slowness in responding to Member States' requests was partly due to the limited and uncertain nature of the resources available to it. Indeed, less than one project in five could be adequately financed, a ratio which would have been far lower if UNIDO had been less innovative in diversifying its sources of funding and less efficient in the execution of its tasks.

84. The current session marked a turning point in the life of the Organization. UNIDO was in the midst of its restructuring process, which was now showing its first buds; those buds were fragile and had to be protected. Moreover, the entire world was changing, and alternatives were being sought to meet the new requirements generated by the technological and economic revolution and by a growing realization of the gap between human ambitions created by education and by the globalization of information and the means available to fulfil those ambitions.

85. UNIDO had been the first organization within the United Nations system to embark upon a major and courageous restructuring exercise that would prepare it for the challenges of the new world order and the twenty-first century. Was UNIDO to be rewarded by being dismantled? The attacks levelled against the Organization in certain quarters stemmed from an unawareness of, or a refusal to acknowledge, the importance of the services rendered by UNIDO to the developing world. Perhaps the Organization's greatest error was to work in silence without paying attention

to publicity. The Secretariat was determined to complete the reform process no matter how painful that might be, and it needed Member States' support, clear-sightedness and understanding to achieve that goal. It also required a minimum of resources, resources which lay in Member States' hands and not just in those of the Secretariat.

86. The developed countries required outlets for their products, markets for their expertise and other areas to invest in, all of which would be impossible if they were confronted with a host of bankrupt countries unable to enter into workable partnerships. The developing countries, which made up the bulk of the world's population, had to create a minimum of wealth in order to meet the needs of their peoples and to attain decent standards of living. Although industrial development alone was not sufficient to achieve those goals, it was nevertheless a prerequisite.

87. The announcement made by UNIDO's largest contributor on the first day of the session had changed the course of the Board's debates and placed in doubt the conclusions adopted at the last session of the Programme and Budget Committee. He hoped that the Member State concerned would reconsider its position. UNIDO had to go forward with those members that recognized the importance of industrialization and industrial cooperation for the well-being of the world's peoples and were willing to support the efforts of the Secretariat to that end. It was essential for all assessed contributions due and arrears outstanding to be settled in full. In the course of the session, not only had Germany and Japan completed their annual contributions earlier than in the past but less developed States, namely Angola, Bangladesh, Fiji, Lesotho, Mozambique, Pakistan, Thailand, Venezuela and Zimbabwe, had effected the payments due from them, thereby displaying their commitment to the Organization.

88. He was grateful to Member States for having reaffirmed their support for the new UNIDO and its reform process. They had stressed the crucial importance of industrial development for the overall socio-economic development of the developing countries and economies in transition and of the role played by UNIDO as the lead agency for industrial development. He was also pleased to note the common interest shown in bringing about a lasting global partnership in industry. It was, however, essential for UNIDO to be provided with the means to fulfil its mandate and meet countries' increasing requirements. Since assuming the post of Director-General, he had pursued reforms that were essential for ensuring the relevance of the Organization and its credibility in the eyes of all countries. Without the necessary resources, it would be difficult to make effective preparations for the biennium 1996-1997 in order to meet the needs identified.

89. Although gratified by the compromise reached following arduous negotiations by the Board, he was disappointed that several crucial decisions had to be postponed to a resumed session later in the year. That would delay the formulation and implementation of some priority activities and programmes and would place others in a situation of uncertainty. The absence of approval of the budgets for 1996-1997 would mean that major adjustments to UNIDO's programmes for the current biennium and plans for the next biennium would be necessary. Those adjustments would have to be made within the framework of the priorities set in the budget document approved by the Programme and Budget Committee. Substantial administrative changes in regard to management and personnel would also be required. Member States must entrust him with full responsibility for that task so that, with the support of his senior management team, he could ensure that the adjustments were carried out with the minimum of disruption and maximized the effectiveness of UNIDO and its reform process in the long term. The postponement of decisions relating to the 1996-1997 budgets would be a disappointment to many members present, who had hoped to depart with a firmer mandate for the continuation of UNIDO's priorities on a more definite course. He wished to assure them that those priorities would as far as possible remain intact, despite the four-month interval before the adoption of decisions regarding the Organization's future programmes, many of which required extensive preparations in order to be operational from the beginning of 1996.

90. He wished to thank the Heads of State of the African countries, which had met at the Summit of the Organization of African Unity at Addis Ababa, for their encouragement and their expression of the need for UNIDO to be not just maintained but strengthened. He was also grateful for the display of support from the countries of Latin America and Asia and the economies in transition; that was a source of considerable optimism for him. The reform programme had made great strides, and the implementation of the final stages, particularly regarding the seven new programmatic themes, was currently under discussion. Given the uncertainty surrounding the future planning of the Organization's

work, he was committed to the idea that by December 1995 it would be possible to submit to Member States a series of specific proposals for the effective mobilization of resources.

91. With regard to the postponement of the consideration of the use of unutilized balances from the biennium 1992-1993, he had noted the generally positive view prevailing among the regional groups. Nevertheless, the Board's decision had caused a predicament. Those balances were greatly needed and, on the basis of informal and formal comments received, he would take steps to ensure that, once available, they were used in the most effective way possible to support the reform process. States that had experienced problems regarding the Organization's use of the balances were urged to communicate their favourable decision as soon as possible. That would enable the Secretariat to fine-tune its contingency plans. He had received very little guidance from Member States but hoped that, by maintaining close contact with them, he would obtain more precise information in order to ensure the successful outcome of the resumed Board session.

92. He wished to thank the President and the Bureau for their efforts in enabling consensus to be reached, in spite of all the constraints that had been faced. He wished to assure Member States that UNIDO would make every effort to ensure that its objectives and reform priorities were put into effect to the extent of the Organization's capabilities.

93. Finally, he wished to pay tribute to Mr. Venkataraman for his many years of work for the Organization and to wish him every success.

94. **Mr. MAYRHOFER-GRÜNBÜHEL** (Austria), speaking as representative of the host country, said that never before had the situation of UNIDO appeared so precarious. The energies devoted by the Director-General and senior management to completing the reform process would now have to be diverted to devising survival strategies in the face of the drastic reduction in expected income and the uncertainty about future contribution levels.

95. The Organization had made unprecedented efforts to streamline and reorient itself, and his delegation believed that UNIDO was on the right course, even if not all problems had yet been solved. He wished to make an urgent appeal to Member States to pay their assessed contributions and pay off their arrears. Now was the time to show solidarity with UNIDO and other Member States and a spirit of multilateral cooperation.

96. Austria was convinced of the increasingly useful role that UNIDO could play in improving the lives of people in many parts of the world. The period up to the next General Conference session should be used by the Secretariat and Member States to work out the course of UNIDO's future development in order to ensure that one country's predicament did not undo the decisions adopted at Yaoundé.

97. **The PRESIDENT** said that the Board had succeeded in reaching consensus in the handling of the unexpected circumstances that had arisen at the session concerning the future of UNIDO. The Organization had been established on the principles of cooperation and dialogue between developed and developing countries and its achievements were based on mutual understanding, an atmosphere which she was pleased to see continuing.

98. Nevertheless, UNIDO had to adapt itself to the changing circumstances whilst also reforming itself structurally and functionally. During that difficult process, a display of commitment on the part of Member States was most necessary to assist the Secretariat morally and financially. At the present time it was essential that Member States should pay their assessed contributions and arrears in full.

99. She wished to assure the staff of UNIDO that the Board would do its utmost for their benefit and to affirm that the Board expected the staff to devote their best efforts to transforming the Organization into a centre of excellence and to promoting its credibility and image. The task of reforming UNIDO was a difficult one for the Director-General as he faced a number of constraints, particularly financial ones. However, statements made at the session had indicated that he had the wide support of Member States in his efforts and that he should continue with determination.

100. Finally, she wished to thank all those representatives who had worked with the Bureau and had contributed to reaching a compromise solution concerning conflicting issues that the Board had had to deal with. Thanks were also due to the Secretariat staff for their efforts.

101. After the customary exchange of courtesies, she declared the session suspended.

The meeting rose at 5.30 p.m.